

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1871 – HB 2337

February 29, 2016

SUMMARY OF ORIGINAL BILL: Aligns the administrative dissolution process, for when a limited liability company's period of duration expires, with the dissolution process for a corporation. Authorizes reinstatement of a limited liability company (LLC) for a period up to three years following the expiration of the period of duration for that LLC by (1) amending its charter to extend its period of duration or by setting the period of duration to perpetual, and (2) filing an application for reinstatement following administrative dissolution. Declares that if no duration period is specified in the articles of organization, the LLC shall be considered a perpetual LLC.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$500

SUMMARY OF AMENDMENT (012084): Deletes and rewrites the bill such that the only substantive changes are as follows: adds an authorization of reinstatement of an LLC and a nonprofit corporation for a period up to one year following the expiration of the period of duration for the LLC or non-profit entity; specifies that the LLC can be administratively dissolved for expiration and then reinstated; and removes the requirement that the LLC voluntarily file a notice of dissolution due to expiring given that the Secretary of State will administratively dissolve the LLC for expiring.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Based on information provided by the Secretary of State (SOS), the historic number of filings for reinstatement by LLC's is six annually.
- Each filing will consist of an amendment filing and a reinstatement filing.
- Pursuant to 48-249-1007, the filing fee for an amendment is \$20; the filing fee for reinstatement is \$70.
- Revenue per filing is \$90 (\$20 amendment fee + \$70 reinstatement fee).
- A recurring increase in state revenue estimated to be \$540 (\$90 x 6 filings).

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- Pursuant to Tenn. Code Ann. § 8-21-205, revenue from filing fees for corporations and LLC's is allocated 97 percent to the General Fund; 3 percent to the Secretary of State.
- A recurring increase in state revenue to the General Fund estimated to be \$524 (\$540 x 97.0%); a recurring increase in state revenue to the SOS estimated to be \$16 (\$540 x 3.0%), which is considered not significant for the purpose of this fiscal note.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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